GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:1122
ANSWERED ON:16.08.2012
MODERNISATION OF PSUS
Rathwa Shri Ramsinhbhai Patalbhai

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) The steps taken by the Government to improve the functioning and increase the profitability of Public Sector Undertakings (PSUs) particularly to modernize them to ensure international competitiveness; and

(b) The results achieved during the last two years and the current year, PSU-wise?

Answer

THE MINISTER OF HEAVY INDUSTRY AND PUBLIC ENTERPRISES (SHRI PRAFUL PATEL)

(a) Department of Public Enterprises fixes financial and non-financial targets through Memorandum of Understanding (MoU) which is a negotiated agreement signed between the Government and the Management of the Central Public Sector Enterprises (CPSEs). MoU involves annual target setting and performance evaluation of CPSEs. MoU as an instrument (i) removes fuzziness in the goals and objectives of CPSEs, (it) enables performance evaluation through objective criteria and (iii) provides a mechanism to reward good performance incentives to stimulate improved performance, tt improves the performance of CPSEs by empowering them and also ensures accountability of management. Grant of Maharatna/Navratna status which is linked to MoLI performance and facilitates delegation of power to CPSEs. The increase in profitability is dependent upon general economic conditions, performances of the CPSEs etc. Achievement of targets is dependent on sectoral business environment and CPSEs1 performance which is periodically reviewed by concerned administrative Ministries/Department.

(b) The actual performance of the MoU signing CPSEs is evaluated w.r.t. the targets fixed at the beginning of the year and they are rated as Excellent, Very Good, Good, Fair and Poor as per their performance. The MoU Ratings secured by the CPSEs during the last two years and their performance are as under:-

Year	2009-10	2010-11
Excellent	73	67
Very Good	31	44
Good	20	24
Fair	20	24
Poor	01	02
Total	145	161